



HF 752 – Biodiesel Tax Credit Extension (LSB2307HV)

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Fiscal Note Version – New

Description

House File 752 relates to biodiesel motor fuel. The Bill:

- Requires wholesale fuel dealers to provide a statement to retail fuel dealers stating the ethanol or biodiesel content of fuel delivered to the retailer.
- Provides that fuel pumps only need to be labeled as biodiesel pumps if the pump dispenses fuel with biodiesel content above a threshold established by the federal government. Current law requires all pumps dispensing any percentage of biodiesel fuel to be labeled as biodiesel pumps.
- Extends the current biodiesel retail tax credit until January 1, 2015 (three additional years).

Background

Iowa's biodiesel tax credit was created in House File 2754 (Renewable Fuels Act of 2006). The credit is available to fuel retailers selling a specified percentage of biodiesel gallons and it is equal to three cents per qualified gallon sold. The tax credit is refundable.

Assumptions

1. The federal Renewable Fuels Standard for biodiesel use will ensure sufficient biodiesel production, supply, and ultimate use even if the cost relationship between petroleum diesel and biodiesel is unfavorable for biodiesel production.
2. The Department of Revenue estimates \$5.5 million in biodiesel retail tax credits will be claimed in the final tax year of the existing credit.
3. Extending the credit availability for three additional years will increase credit redemptions by \$0.5 million per year above the Department's estimate for the current final year.
4. Under the credit expiration contained in current law, the last year of significant fiscal impact is FY 2012. The Bill extends the impact through FY 2015.

Fiscal Impact

Extending the biodiesel tax credit three years through tax year 2015 will increase credit redemptions and decrease net General Fund revenue by the following amounts.

- FY 2013 - \$6.0 million
- FY 2014 - \$6.5 million
- FY 2015 - \$6.5 million

Sources

Department of Revenue Biofuel Retailers' Tax Credit Study (January 2009)
Legislative Services Agency Analysis

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), [Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
